

# Memorandum

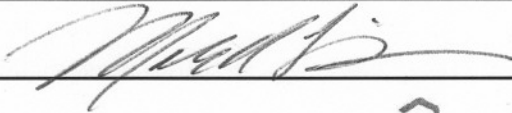
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jim McBride  
Scott P. Johnson  
Terry Roberts

**SUBJECT: CONTRACT AWARD FOR  
FREESTANDING FURNITURE  
AT NEW CITY HALL**

**DATE:** 04-06-05

Approved



Date

4/6/05



**The New San José City Hall**

## RECOMMENDATION

- 1) Report on bids and award the purchase of Freestanding Furniture for new City Hall to the low bidders for each of the bid packages:
  - a. Contract Office Group (Milpitas, CA), (bid packages 1 and 2) for a total of \$576,584.90 including tax and
  - b. One Workplace (Milpitas, CA) (bid packages 3, 4, & 5) for a total of \$1,214,901.83 including tax.
- 2) Approval of a contingency in the amount of
  - a. \$53,224.00 for bid packages 1 and 2 for unforeseen changes/requirements that may arise prior to the completion of the furniture installation.
  - b. \$110,742.00 for bid packages 3, 4 and 5 for unforeseen changes/requirements that may arise prior to the completion of the furniture installation.
- 3) Authorize the Director of Finance to execute the agreements.

## BACKGROUND

On March 9, 2004, Council directed staff to proceed with the procurement of technology, furniture, equipment and relocation services (TFE&R). In addition, a work plan for implementation of individual procurements and cost saving strategies was reviewed and approved by Council.

Included in the work plan is the procurement of furniture, with a cost estimate, titled "FE1 – Furniture Program". The furniture program consists of both systems (modular) furniture and freestanding furniture. The system furniture contract was previously awarded on January 25, 2005. The budget for the freestanding furniture portion of the project is \$5 million.

### **ANALYSIS**

As reported to Council on March 1, 2005 (report is attached for reference) on this procurement, there were five packages for this bid. These packages were developed after first developing a plan to maximize the reuse of existing City owned freestanding furniture in the new facility. Each package incorporated furniture for several floors of the project and is based on the move-phasing schedule. Bidders were able to bid on any or all of the packages. Bids could include either new or used furniture. Together, these packages create a master plan for the new City Hall providing a uniform plan for the future. The award recommendation is to the low bidder for each package.

On March 4, 2005 a request for bids for freestanding furniture for new City Hall was released to the public. The request for bid was advertised on the City's Bid Line and on the DemandStar system, which proactively notifies all suppliers via fax and/or e-mail of the requirement. In addition, staff notified all companies that had contacted the City expressing an interest in this procurement, and telephoned all companies in the local phone directory listed under "office furniture". The various Chambers of Commerce were also notified along with the City's Small Business Development Commission. In summary, approximately 80 companies were notified of the bid. Of these, a total of approximately 20 furniture dealers registered to receive the bid documents. The list of vendors notified is shown as Attachment A.

Three bids were received and opened publicly by the March 24, 2005 deadline. Bids were received from the following companies:

- One Workplace, Milpitas, CA
- SideMark, Santa Clara, CA
- Contract Office Group, Milpitas, CA

The bid tabulations for each option are shown below with the low bid in each category shown in bold. All bids are for new furniture.

Supplier Name	Contract Office Group	One Workplace	Side Mark
Package 1 – Customer Service Floors (3 floors)	<b>\$338,585.84</b>	\$375,183.06	\$435,369.98
Package 2 – Move Phases 1-3 (5 floors)	<b>\$193,649.82</b>	\$228,963.98	\$259,463.69
Package 3 - Move Phases 4-6 (8 floors)	\$449,418.41	<b>\$435,050.43</b>	\$484,250.96
Package 4 Move Phases 7-9 (5 floors)	\$148,747.97	<b>\$116,229.92</b>	\$162,211.22
Package 5 All phases	\$625,810.64	<b>\$556,136.87</b>	\$677,198.49

The bids submitted as reported above do not include sales tax. The City worked with the successful bidders to calculate the applicable sales tax in the amount of \$44,349.24 for packages 1 and 2 combined and \$107,484.61 for packages 3, 4, & 5 combined. These sums are included in the recommendations.

#### Evaluation

In response to the City Council direction that all procurements associated with technology, furniture, equipment and relocation services be evaluated on a number of elements, including:

1) cost/impacts of delaying council action; 2) customer service efficiencies; 3) cost-benefit analysis; and, 4) improved productivity of workforce, staff provides the following analysis:

#### 1) Cost/Impact of Delay

All of the freestanding furniture packages have some element of furniture that is integral to the initial stages of the move. The furniture needs to begin delivery in early June 2005 so the move in can proceed. Therefore, with a 6 to 10 week order and delivery period, it is important to move ahead now with the contracts. A significant delay in awarding the contract will affect the ability to furnish the facility for the scheduled move beginning in June 2005.

2) Customer Service Efficiencies

The successful furnishing of the facility is critical in assisting staff with providing the most effective customer service.

3) Cost Benefit Analysis

This furniture is needed to fully outfit the building and be of benefit to the public and staff. To increase competition and reduce costs, the bid was developed with multiple bid packages as a low bid procurement. Staff believes this low bid price is the lowest price we could expect for this furniture resulting in a low cost for significant benefit.

4) Improved Productivity of Workforce

Improved productivity will occur with the proper furnishing of staff and public spaces throughout the facility. Productivity would be significantly reduced without proper furniture.

## OUTCOME

Approval of these recommendations will result in furnishing the New City Hall with all the necessary freestanding furniture except for compact files and bulk shelving which will bid on April 21, 2005 and is estimated to cost in the \$375,000 range.

## COST

The TFE&R budget for the freestanding furniture is \$5 million. This bid will complete approximately 80% of the freestanding furniture procurement which will cost \$1.96 million including contingencies. Bids for the remaining 20% of furniture needs (compact files and bulk shelving) will follow with an estimated cost in the \$375,000 range. Therefore, the total estimated cost for all freestanding furniture in the new facility is estimated at \$2.34 million which is well under the \$5 million budget.

The original freestanding furniture budget was developed prior to the completion of the furniture master plan. Without this precise furniture information the original budget estimates were on the high side to cover the unknowns. In addition, since the budget estimate was prepared, staff has significantly increased the amount of furniture that will be reused, thereby reducing the amount of furniture necessary to purchase. Both of these factors are resulting in significant budget savings.

## SUMMARY

Staff recommends award of Packages 1 and 2 to Contract Office Group and packages 3, 4, & 5 to One Workplace as the lowest responsible bidders for the respective packages, pursuant to the formal bidding requirements of section 4.12.120 of the San José Municipal Code.

The Project Labor Agreement for the new City Hall does not apply to this procurement as the furniture is not permanently affixed to the building.

#### Local and Small Business Preference

This is a price determinative (low bid) award and as such the consideration under City Ordinance 27136 adopted June 18, 2004 is a price reduction of 2.5% if a business is local (located in Santa Clara County) and an additional price reduction of 2.5% if the business is small (35 employees or less).

All of the bidders claimed status as a local vendor. SideMark Corporate Furniture also claimed status as a small vendor. The consideration of preference did not affect the outcome of the low bid determination.

#### Managed Competition

The City does not have the current staff or resources to complete this project.

#### Schedule

The proposed contract requires furniture to begin delivery and installation in early June and be completed in August.

### **PUBLIC OUTREACH**

A total of 80 firms were contacted about this bid. In addition, significant outreach was conducted to notify small and local companies of this project. Over 40 small and local vendors were contacted via telephone or email. Additionally, a telephone survey of 13 vendors by the consultant Johns-Rife Group showed all of them had interest in the bid as it was described to them. Further efforts of outreach were achieved through meetings with the Small Business Development Commission on February 2, 2005 and March 9, 2005, and direct contact with all Chambers of Commerce.

### **COORDINATION**

This project and memorandum have been coordinated with the City Attorney's Office and the City Manager's Budget Office.



04-06-05

Subject: Contract Award for Freestanding Furniture at New City Hall

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**COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$1,955,452.73
2. SOURCE OF FUNDING: 473 – Civic Center Improvement Fund
3. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy.

**BUDGET REFERENCE**

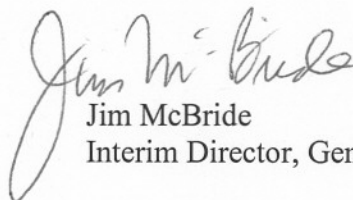
Fund #	Appn. #	Appn. Name	RC #	Total Appn	Amt for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
473	5152	Technology, Furniture, Equip	131360	\$37,242,422	\$1,955,452.73	V-1127	10/12/04, Ord. No. 27267

**CEQA**

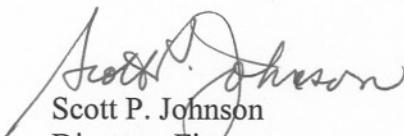
Civic Plaza Redevelopment Plan EIR, Resolution No. 68905, PP98-03-072.



Terry Roberts  
Deputy City Manager



Jim McBride  
Interim Director, General Services



Scott P. Johnson  
Director, Finance

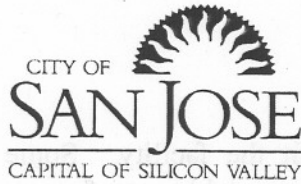
Attachment

### Attachment A - Freestanding Furniture Vendor Outreach

Vendor Name		Vendor Name	
24/7 Workspace: Dave Tokiwa	√	Kimball	*
Advantage Office Furniture	√	Kristiansen Associates, inc: Matt Kristiansen	
Agro Logistic Systems Inc: Rangaswami Vasudevan		Liberty Liquidators	*
ALL AMERICAN POLY: Zeke ROSENWASSER		M & B Products, Inc.: rocklove@earthlink.net	
Apex Pinnacle: Judy Bishop, Ext. 205		Miles/Barry Contract Furniture: geraldine barry	*
Atd-american Company: Jonathan Zaslow		Office Direct	*
Benchmark Office Furniture		Office Furniture Resource: Lisa Jackson	
Biz-Tech, Inc.: Eddie Tinsley		Office Furniture USA	*
Bob Barker Company Inc: Greg Schnurr		Office Solutions Inteiors	*
Brayton International: Noelle Benson		Offices Pronto	*
Brodart Co.: Annette Sharrow Ext 6535		OM OFFICE SUPPLY INC: NEENA AGARWAL	
Business Interiors: Ron Herz		One Workplace: Jan Hahn	*
Business Resource Group	√	Palmer Snyder Furniture Company: Janet McGeorge	
C & H Distributors, LLC: Steve Makovec		Pivot Interiors: Laurie Bishopp	*
California Contract Interiors		Pride Enterprises: Bid Administrator	
CBA/Charlotte Inc: Thomas Brake		Prison Industry Authority: Judith Porter	
Commercial Inteior	√	Public Sector Excellence: Forrest L. Story	
Complete Worplace Solutions	√	R Harris Group	√
Connect: Dan Linkhorn		RWA Office, Inc: Brandi Susewitz	√
Contract Connection, Inc.: Mike Krohn		San José Office Furnishings	
Contract Furniture Exchange: Valerie Genco	√	Santa Clara Office Equip	*
Contract Furniture Solutions Inc.: Fred Richman	√	SideMark Corporate Furniture: Sandi Jacobs	√
Contract Office Group: Leonard Alvarado	*	Sierra Office Furniture	
Corporate Express: Mark Miller	*	Smith Office & Computer Supply: Bruce Kahn	
Cpi International: Eric Mogensen		Smith System: Steve Pryor	
Creative Solutions: Robert Fisher	*	Solutions Office Interiors: Sarah Laffoday	√
Deco Design Systems	*	Specialized Seating, Inc.: Jordan Hergott	
eBOS	*	Steelcase	
ERNIE MORRIS ENTERPRISES INC: RONALD E. MORRIS		Stewarts Office Furniture	*
Eurodesign LTD	*	TAB Sales of California: Peter Harnack	*
Facilities First	*	Tadco Supply Inc.: George Taddie Jr	
Furniture Resellers	*	THE LIBRARY STORE INC (TREMONT): Cindy Springer	
GAYLORD BROS.: JERRY DUBOS		Total Image Office Interiors	*
Global Industrial Equipment Company: Bill Herman		TOTER INCORPORATED: Laura Gates	
Heritage Office Furniture	√	Universal Seating Company: Barry Schuster	
Highsmith Inc: Brenda Helwig		Vanguard Legato Group: Lisa Workman	
In2change: Mike Piha	*	Virco Mfg. Corporation: sam tyler	
Inside Source: Kristen Haren	*	Wenger Corporation: Shirley Erickson	
Insourc Inc	*	West Coast Business Products: Jeff Kraemer	
INTERLINE BRANDS (MAINTENANCE USA): BRUCE LAYFIELD		West Coast Office	√
Kamran and Company, Inc.: Cheryl Fichera		Western Contract Interiors: Robert Mahowald	*
KAPLAN COMPANIES INC: BRENDA ROBERTS		Western Office Furniture	√
KBM Workspace: Stan Vuckovich	*	Work Inovations	*
		Wright Line Inc	
		Zaks Office Furniture	

√ indicates that the vendor is small and local

\* indicates the vendor is local only



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Terry Roberts  
Jim McBride

**SUBJECT:** STATUS REPORT ON  
NEW CITY HALL FREESTANDING  
FURNITURE PROCUREMENT

**DATE:** 2-24-05

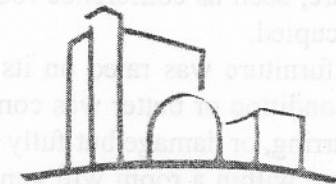
Approved

Date

2/24/05

Council District: Citywide

SNI: University



The New San José City Hall

## RECOMMENDATION

Acceptance of the staff report providing an update on the procurement for freestanding furniture at the new City Hall.

## BACKGROUND

This report is to update the Council on the status of the freestanding furniture procurement for the new City Hall project.

The freestanding furniture package will be released beginning March 4, 2005 as a low bid procurement. The current schedule calls for a return to Council for recommendation of award on April 5, 2005. The plan also follows the Council approved directive of February 3, 2004 for staff to include the alternative to purchase used furniture, maximize the re-use of existing freestanding furniture, increase competition, and provide flexibility through a variety of alternatives.

## ANALYSIS

The freestanding furniture procurement is the second of two major furniture procurements, the first being the systems furniture procurement that was awarded in January of this year.



Freestanding furniture consists of a variety of furniture used to outfit the facility. Some examples of the furniture that this procurement will cover include conference tables, conference chairs, lobby chairs and tables, file cabinets, etc. The freestanding furniture plan consists of two components: the reuse of existing city-owned furniture and additional furniture as necessary to complete furnishing the facility.

#### Reuse

Staff has developed a detailed inventory of every piece of existing furniture that is currently being used by anyone moving to the new City Hall. This inventory was used to plan and reprogram that furniture to the new City Hall. Several criteria were used in this programming, including:

Fit – The first factor was that the furniture must physically fit into the space provided in the new building.

Availability – The furniture needed to be available for the right move phase. For some items, such as office furniture, this means availability prior to the move of the person in that office. For other furniture, such as conference room furniture, the furniture may be moved in after the floor is occupied.

Condition – Every piece of furniture was rated on its condition as poor, fair, good, or excellent. Furniture in fair condition or better was considered for reuse. Fair is defined as having some scratches, marring, or damage but fully functional.

Similarity – Pieces of furniture within a room will generally match or compliment other pieces. For example, an office will have a desk, a return, and a credenza that have similar finishes.

This process results in reused furniture meeting 57% of the total freestanding furniture need for the project.

The remainder of the existing furniture that cannot be used in the new City Hall will be processed through the City's surplus furniture program per the process outlined in the Municipal Code 4.16.2 "Disposition of Surplus Property". As an example, the furniture will be distributed to other City Departments for either an unfilled furniture need or the need to trade their substandard furniture for furniture better meeting their needs. Alternatively, the furniture will be used in conjunction with needs associated with the reuse of the existing City Hall, distributed to city supported non-profit groups for their use, or sold as surplus property. Based on estimates, the value of this surplus furniture is approximately \$40,000.

#### Additional Need

For the balance of freestanding furniture, the City will purchase new or used freestanding furniture. This procurement is due to release March 4, 2005.

In preparation for this procurement, a master furniture plan has been developed for the facility. This plan identifies the freestanding furniture need for the facility and describes a selection of products that meet the need for each furniture item. This master plan was developed by a working group comprised of the project architect, staff from multiple departments, and the City's

furniture consultant. Multiple criteria were used in developing the furniture plan. The primary requirement was that the furniture be "open line" furniture. This means that the manufacturer will sell the furniture to any furniture dealer that is interested and at the same price to all. At least ten manufacturers will have their products bid in this project. This will help insure maximum competition by allowing virtually any furniture vendor to bid. Additional criteria considered included the general quality of the piece, the spatial and architectural fit, and operational and use considerations. In general, three "open line" manufacturer selections were made for each specific type of furniture (e.g. chairs, tables, etc). These selections were used as the basis for the master plan.

From the master plan, staff has developed a procurement strategy. This single procurement contains five packages. Every vendor will be able to bid on one, all, or any combination of packages. The award will go to the low bidder in each package. This will result in one to five contracts. The packages are developed to coordinate with the move scheduled for each floor of the project and to maximize bidding competition by structuring the size of each bid to include the most number of bidders possible. The bid packages are described as follows:

Package	Where Located	Type	Move Phases	Floors
1	Customer Service Center in tower and first floor in wing.	New and/ or Used	Varies	2 in the Tower 1 in the Council Wing
2	Lobbies, work areas, conference rooms, break rooms, etc.	New and/ or Used	1-3	4 in the Tower 1 in the Council Wing
3	Lobbies, work areas, conference rooms, break rooms, etc.	New and/ or Used	4-6	7 in the Tower 1 in the Council Wing
4	Lobbies, work areas, conference rooms, break rooms, etc.	New and/ or Used	7-9	5 in the Tower
5	Various files, bookcases, work tables, etc. throughout the facility.	New and/ or Used	All	All floors

The estimated cost per package ranges from \$150,000 to \$550,000. The total estimated cost for this bid is in the \$2.1 million range. For the purpose of this procurement, the vendors will be able to bid new and used furniture. Used furniture must meet the specification and be in like new condition. Staff has researched the availability of used furniture and has shown mixed results as to availability, however including used furniture will provide the option to all bidders.

In addition, there are several smaller acquisitions of freestanding furniture that will follow this bid to fill in isolated or specialized furniture needs. These include such items as compact file

storage and bulk shelving. The cost for these additional procurements is estimated at \$375,000. These packages will be released for bid very soon with Council award expected in April 2005.

#### Outreach

Prior to finalizing the bid documents, staff has contacted new and used vendors in the San José area to insure that the structure of the bid is within their capabilities and interest.

As with the systems furniture bid, staff will make significant outreach efforts to alert the bidding community of the project. Efforts will include:

- Direct contact with the Small Business Development Commission, the SJSVCC, and the other chambers of commerce
- Active notification of prospective bidders through DemandStar
- Advertising to prospective bidders through the CSJ Bid Line
- Direct contact with prospective small and local bidders via telephone

In all, we expect to contact over 100 prospective bidders including direct telephone contact for 40 local and small businesses.

The project labor agreement does not apply to this procurement as the furniture is not permanently affixed to the building.

#### COST

The TFE&R budget for the freestanding furniture is \$5 million. This bid (packages 1-5 above) will complete approximately 80% of the freestanding furniture procurement and is estimated to cost in the \$2.1 million range. The remaining packages will follow and are estimated to cost in the \$375,000 range. The total estimated cost for all freestanding furniture in the new facility is about \$2.5 million.

The original freestanding furniture budget was developed prior to the completion of the master plan. Without this precise furniture information the original budget estimates were on the high side to cover the unknowns. In addition, since the budget estimate was prepared, staff has significantly increased the amount of furniture that will be reused, thereby reducing the amount necessary to purchase. Both of these factors, plus increasing bid competition through outreach efforts, are expected to bring bids in well under budget.

#### COORDINATION

This procurement has been coordinated with the Department of Public Works and the City Attorney's Office.

#### CONCLUSION

The freestanding furniture plan provides an opportunity to maximize the use of existing furniture, while establishing a comprehensive plan for additional new or used furniture for the

HONORABLE MAYOR AND CITY COUNCIL

Subject: Status Report on NCH Freestanding Furniture Procurement

2-24-05

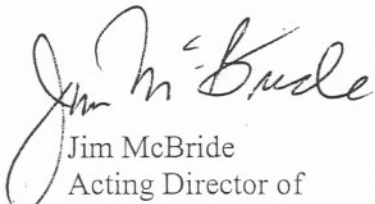
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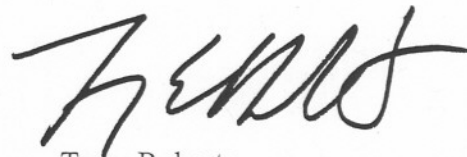
building that will serve customers, citizens, and staff, and will compliment the architecture and enhance the usability of space in the facility.

The bid document is scheduled for release on March 4, 2005 with bid opening on March 25, 2005 and an expected return to Council for award on April 5, 2005. Two additional specialty furniture packages will follow with bid awards expected in April 2005. These packages will provide for the complete furnishing of the new City Hall in coordination with the move phasing starting in June 2005.

CEQA

Civic Plaza Redevelopment Plan EIR, Resolution No. 68905, PP98-03-072.

  
Jim McBride  
Acting Director of  
General Services

  
Terry Roberts  
Deputy City Manager